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Consumers: Resolve To Get Smart About Insurance In 2009

In Light of Slow Economy, New Year is Good Time for Quick Review

Salt Lake City, Utah, December 17, 2008 – As we move into 2009, a weak economy, rising unemployment and falling home values will have important ramifications for insurance consumers nationwide. Yet, while these situations pose challenges, they also provide opportunities to save on insurance costs, according to the Utah Insurance Department and the National Association of Insurance Commissioners (NAIC).

“Many households will enter the new year with a smaller budget and seeking ways to save money,” said Insurance Commissioner D. Kent Michie. “Now is the time for consumers to get smart about their insurance and take advantage of the opportunities to maximize their coverage, minimize their costs, and protect themselves financially.”

Consumers should ensure they and their loved ones are protected — and a good place to start is with their insurance coverage.

The Utah Insurance Department offers the following tips on insurance-related concerns in the current environment that will carry into the new year.

1. Falling Home Prices Signal Time to Review Your Insurance Costs

Homeowners looking for ways to save money in 2009 should start with their insurance. In the last year, home prices nationwide declined 16.6%¹. With equity dwindling, it makes sense to review your homeowner's insurance and see if there are any ways to save, such as:

- **Insure your home, not the land:** Homeowners policies do not provide protection for your land, so make sure the value of the land is not included as part of your coverage amount.
- **Make sure you are receiving all the discounts you are entitled to:** Discounts are typically given to people who have more than one policy with the same insurer; have security or safety systems such as smoke detectors, deadbolts and fire alarms; are 55 or older and retired; or live in homes located in eligible homeowners associations. Some insurers even offer discounts if all residents of the home are nonsmokers.

- **Consider increasing your deductible:** If your deductible is \$250, raising it to \$500 should decrease your premiums. Raise it to \$1,000 and you could save even more. Just two caveats: 1) Make sure you can pay the higher deductible if disaster strikes; and 2) Check with your lender as some home loans have a clause that specifies a maximum property insurance deductible.
- **Make home improvements:** Upgrading your electrical, plumbing and heating systems could improve the safety of your home and therefore, reduce your premiums.

2. Newly Unemployed Face Maze of Health Insurance Options

With 1.9 million² lost jobs in the first 11 months of 2008, many people are already struggling to maintain health insurance coverage — and those numbers are expected to increase in 2009. A variety of choices exist, but it is important to examine options early, as some expire within weeks of losing your job.

- **Spouse's plan:** A spouse's plan is typically the most affordable option, but you have to act quickly. You should request special enrollment within 30 days of losing coverage from your previous employer's plan.
- **COBRA:** Rights and entitlements under the Consolidated Omnibus Budget Reconciliation Act (COBRA) guarantee access for continued coverage for 18 months if you purchase insurance through a large employer. You have 60 days to elect coverage. COBRA coverage can be expensive because you are required to pay the full premium yourself, but it is also retroactive once you elect it, so consider using those two months to evaluate other health insurance options.
- **Government plans:** Check to see if you are eligible for insurance through a government program, such as Medicaid or Medicare.
- **Private plans:** You can purchase coverage through private providers if you meet certain criteria. A high-deductible major medical policy will cover serious or catastrophic health costs, if you cannot afford a comprehensive plan. Beware of phony insurance plans. Check the department's website at <http://www.insurance.utah.gov/>. Click on the link to "Search for Company and Agent" to be sure the company or agent is licensed, or call 801-538-3077.

3. New Laws Present Insurance Questions for Same-Sex Couples

With court battles throwing into question the rights of married same-sex couples, it is important to review your insurance policies to guarantee you are protected.

- **Auto insurance:** Consider listing your partner as a listed driver on your auto insurance policy.
- **Homeowners insurance:** Make sure both of your names are listed on the deed, mortgage and homeowners policy. Check your policy to ensure that both of your belongings are covered.

- **Health insurance:** Many companies now offer health insurance to domestic partners, including same-sex couples, but you should confirm directly with the health insurance company before enrolling. You might also want to consider creating a healthcare proxy or power of attorney document indicating that you have designated your partner to make medical decisions if you are unable to and to allow for hospital visitation.
- **Life insurance:** Name your partner as the recipient of your life insurance policy and as a beneficiary in your will.

4. Make the Most of Your Health Insurance

Americans seeking ways to economize should first make sure they are fully using their existing health insurance benefits.

- **Exhaust flexible spending dollars set aside in 2008:** Many plans allow you to use pre-tax 2008 flexible spending dollars until March 2009. First aid and preventive care items are often covered, but check with your program administrator on specific products.
- **Book an annual check-up:** Annual physicals can catch health problems before they become serious issues. Many insurance plans cover 100% of wellness care for routine exams, immunizations and diagnostic tests.
- **Confirm participating providers:** Verify your doctor is included in your plan at preferred rates before booking appointments.

The timely payment of insurance premiums is very important. Any cancellation of insurance coverage could create an additional financial burden for you and your family.

For further information the Utah Insurance Department encourages you to call them at 801-538-3800 or toll free in-state at 1-800-439-3805. For additional tips specifically geared toward a variety of life situations visit their website at www.InsureUonline.org.

1. *S&P/Case-Shiller Home Price Index*
2. Bureau of Labor Statistics, U.S. Department of Labor

The Utah Insurance Department is a state agency whose mandate is to regulate insurance marketed and sold in Utah. Currently they license over 82,000 agents, agencies and insurers; audit domestic insurers to verify financial stability and compliance with insurance laws; take administrative actions against licensees found to be in violation of the insurance laws; take calls from consumers who have questions or complaints; and educate licensees and consumers regarding insurance.